

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

(Rice Regulations, Series 1, No. 2)

MARKETING YEAR, RATE OF PROCESSING TAX, DEFINITIONS, AND CONVERSION FACTORS

Rice Regulations made by the Secretary of Agriculture with the approval of the President, under the Agricultural Adjustment Act

**UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.**

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, R. G. TUGWELL, Acting Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a revision, supplementation, and reprint of Rice Regulations, Series 1, No. 1, and to the extent of such revision and supplementation, but not otherwise, superseding said Rice Regulations, Series 1, No. 1) with the force and effect of law, to be in force and effect from August 1, 1935, until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said Act.¹

I. MARKETING YEAR

I do hereby ascertain and prescribe that for the purposes of said Act the first marketing year for rice shall begin August 1, 1935.²

II. RATE OF TAX

The rate of processing tax on the first domestic processing of rice, beginning April 1, 1935,³ shall be one (1) cent per pound of rough rice.⁴

The weight to which the rate of tax shall be applied shall be the weight of rough rice when delivered to a processor, except that where

¹ Rice Regulations, Series 1, No. 2, partially revise and supplement Rice Regulations, Series 1, No. 1. The revisions and supplementations consist largely of (1) a reclassification of Milled Rice which separately defines Brewers Rice and Other Milled Rice, (2) the establishment of conversion factors for these articles, and (3) the reestablishment of conversion factors for articles made directly or indirectly therefrom. For convenience, there are also reprinted herein all portions of Rice Regulations, Series 1, No. 1, which are applicable. All portions of these regulations which are written for the first time are printed in italics.

² "In the case of rice, the period from August 1 to July 31, both inclusive, shall be considered to be the marketing year." Section 9 (a) of the Act, as amended by section 2 of the DeRouen Amendment, Public, No. 20, 74th Congress, approved March 18, 1935.

"* * * and (2) in the case of rice, the Secretary of Agriculture shall, before April 1, 1935, proclaim that rental or benefit payments are to be made with respect thereto, and the processing tax shall be in effect on and after April 1, 1935." Section 9 (a) of the Act, as amended by section 1 of the DeRouen Amendment, Public, No. 20, 74th Congress, approved March 18, 1935.

"* * * and (2) for the period from April 1, 1935, to July 31, 1938, both inclusive, the processing tax with respect to rice shall be at the rate of 1 cent per pound of rough rice subject, however, to any modification of such rate which may be made pursuant to any other provisions of this title." Section 9 (b) of the Act, as amended by section 3 of the DeRouen Amendment, Public, No. 20, 74th Congress, approved March 18, 1935.

the producer processes his own rice, the weight to which the rate of tax shall be applied shall be the weight of rough rice when delivered to the place of processing.⁵

III. DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:

First domestic processing means the cleaning, shelling, milling (including custom milling for toll as well as commercial milling), grinding, rolling, or other processing (except grinding or cracking by or for the producer thereof for feed for his own livestock, cleaning by or directly for a producer for seed purposes, and drying) of rough rice; and in the case of rough rice with respect to which a tax-payment warrant has been previously issued or applied for by application then pending, the first domestic processing means any one of the above-mentioned processings or any preparation or handling in connection with the sale or other disposition thereof.⁶

Rough rice (frequently termed or referred to as "paddy") means rice in that condition which is usual and customary when delivered by the producer to a processor.⁷

Ground rough rice is rough rice which has been cracked, crushed, chopped, or ground.

Cleaned rough rice is rough rice which has been subjected to a cleaning process for removal of separable extraneous foreign matter.

Brown rice is rice which has been hulled and from which the germ and the bran have not been removed.

Rice meal is brown rice which has been cracked, crushed, chopped, pulverized, or ground.

Milled rice is rice which has been hulled and from which the germ and all or part of the bran have been removed, and may be either whole or broken, coated or uncoated.

(a) **Brewers rice⁸** is broken milled rice which will pass readily through a metal sieve perforated with round holes five and one-half sixty-fourths of one inch in diameter.

(b) **Other milled rice⁸** is any milled rice other than brewers rice.

Granulated rice is milled rice which has been cracked, crushed, chopped, pulverized, or ground.

⁵ "In the case of rice, the weight to which the rate of tax shall be applied shall be the weight of rough rice when delivered to a processor, except that where the producer processes his own rice, the weight to which the rate of tax shall be applied shall be the weight of rough rice when delivered to the place of processing." Section 9 (b) of the Act, as amended by section 4 of the DeRouen Amendment, Public, No. 20, 74th Congress, approved March 18, 1935.

⁶ "The term 'processing' means the cleaning, shelling, milling (including custom milling for toll as well as commercial milling), grinding, rolling, or other processing (except grinding or cracking by or for the producer thereof for feed for his own livestock, cleaning by or directly for a producer for seed purposes, and drying) of rough rice; and in the case of rough rice with respect to which a tax-payment warrant has been previously issued or applied for by application then pending, the term 'processing' means any one of the above-mentioned processings or any preparation or handling in connection with the sale or other disposition thereof." Section 9 (d) (7) (B) of the Act, as amended by section 6 of the DeRouen Amendment, Public, No. 20, 74th Congress, approved March 18, 1935.

⁷ "The term 'rough rice' means rice in that condition which is usual and customary when delivered by the producer to a processor." Section 9 (d) (7) (A) of the Act, as amended by section 6 of the DeRouen Amendment, Public, No. 20, 74th Congress, approved March 18, 1935.

⁸ This article was not separately defined in Rice Regulations, Series 1, No. 1; it was included in the general definition of Milled Rice.

Rice flour is flour resulting from the pulverizing and/or bolting of milled rice.

Rice starch is starch resulting from the wet milling of rice in any form.

Rice powder is rice starch which has been pulverized and/or bolted.

Rice breakfast foods are preparations of a breakfast food type in which rice is used as one of the ingredients, including (a) the rolled and flaked type, consisting chiefly of rice; and (b) the puffed type, consisting chiefly of rice.

Rice soup is soup which includes as one of its ingredients rice in any form.

Fermented beverages:

(a) **Beer** is an alcoholic beverage made by fermentation from cereals, including rice, and flavored with hops or other substance to impart its characteristic bitter flavor.

(b) **Rice wine or sake** is an alcoholic beverage made by a special process of fermentation from materials consisting chiefly of rice.

Distilled spirits are products derived from materials consisting chiefly of rice by a process of distillation, to which other ingredients may have been added, and include both beverages and medicinal preparations of the kinds commonly referred to as "Chinese wines."

Rice hull is the husk or tough fibrous outer coat of rough rice.

Rice bran is the bran of rice together with such quantity of hull fragments and germ as is usual in the regular milling of rice, and includes huller bran and stone bran.

Rice germ is the embryo of the rice kernel.

Rice polish is the fine powdery material resulting from the polishing of milled rice.

IV. CONVERSION FACTORS

I do hereby establish conversion factors for articles processed wholly, in chief value, or partly from rice to determine the amount of tax imposed or refunds to be made with respect thereto.

The following table of conversion factors fixes the percentage of the per pound processing tax on rough rice with respect to each pound⁹ of the following articles processed wholly, in chief value, or partly from rough rice.¹⁰

Article	Unit (pounds)	Conversion factor (percent of the per pound processing tax on rough rice)
Ground Rough Rice-----	1	100
Cleaned Rough Rice-----	1	101
Brown Rice-----	1	130
Rice Meal-----	1	130
Milled Rice:		
(a) Brewers Rice-----	1	75
(b) Other Milled Rice-----	1	145

⁹ In the case of rice wine or sake, and distilled spirits, 1 gallon; in the case of beer, 1 barrel of 31 gallons.

¹⁰ See page 4.

Article	Unit (pounds)	Conversion factor (percent of the per pound processing tax on rough rice)
Granulated Rice.....	1	75
Rice Flour.....	1	75
Rice Starch.....	1	215
Rice Powder.....	1	215
Rice Breakfast Foods:		
(a) Rolled or flaked types, consisting chiefly of rice.....	1	178
(b) Puffed type, consisting chiefly of rice.....	1	377
Rice Soup.....	1	9
Fermented Beverages:		
(a) Beer, if made from materials of which rice constituted, by weight: ¹¹		
Over 1/10% and not over 10%.....	12 1	310
Over 10% and not over 15%.....	12 1	504
Over 15% and not over 20%.....	12 1	697
Over 20% and not over 25%.....	12 1	891
Over 25% and not over 30%.....	12 1	1084
Over 30% and not over 35%.....	12 1	1278
Over 35% and not over 40%.....	12 1	1471
Over 40% and not over 45%.....	12 1	1665
Over 45%.....	12 1	1859
(b) Rice wine or Sake.....	13 1	887
Distilled Spirits.....	13 1	3000
Rice Hull.....	1	0
Rice Bran.....	1	0
Rice Germ.....	1	0
Rice Polish.....	1	0

¹⁰ Those portions of the table which relate to Milled Rice and to the conversion factors or other articles beginning with Granulated Rice and ending with Rice wine or Sake, except in the case of Rice Soup, replace and supersede the following corresponding portions of the table of conversion factors contained in Rice Regulations, Series 1, No. 1:

Article	Unit (pounds)	Conversion factor (percent of the per pound process- ing tax on rough rice)
Milled Rice.....	1	144
Granulated Rice.....	1	144
Rice Flour.....	1	144
Rice Starch.....	1	213
Rice Powder.....	1	213
Rice Breakfast Foods:		
(a) Rolled or flaked types, consisting chiefly of rice.....	1	176
(b) Puffed type, consisting chiefly of rice.....	1	374
Fermented Beverages:		
(a) Beer, if made from materials of which rice constituted, by weight: ¹		
Over 1/10% and not over 10%.....	2 1	595
Over 10% and not over 15%.....	2 1	967
Over 15% and not over 20%.....	2 1	1338
Over 20% and not over 25%.....	2 1	1710
Over 25% and not over 30%.....	2 1	2082
Over 30% and not over 35%.....	2 1	2454
Over 35% and not over 40%.....	2 1	2826
Over 40% and not over 45%.....	2 1	3197
Over 45%.....	2 1	3569
(b) Rice wine or Sake.....	2 1	880

¹ Exclusive of water added during the manufacturing process.

² Per barrel of 31 gallons.

³ Per gallon.

¹¹ Exclusive of water added during the manufacturing process.

¹² Per barrel of 31 gallons.

¹³ Per gallon.

As to any article for which no conversion factor is assigned, I hereby establish (1) that if such article is made, directly or indirectly, in some part from another article for which a conversion factor is assigned, then as to each pound of the rice content of such part the conversion factor shall be the conversion factor for such other article, and (2) that if such article is made, directly or indirectly, in some part from rice but not as to such part from another article for which a conversion factor is assigned, then as to such part the tax or refund shall be computed at the rate of the processing tax upon the basis of the amount of rough rice established to have been actually used in the production of such part.

In the event that the Commissioner of Internal Revenue, any taxpayer, or any person entitled to a refund establishes that any article processed from rice, with respect to which a tax is imposed, or which may be the subject of a claim for refund, which is included in the above list, contains more or less rice content than represented by the listed conversion factor, then the amount of the tax or of the refund shall be computed at the rate of the processing tax upon the basis of the amount of rough rice established to have been actually used in the production of the article.

IN TESTIMONY WHEREOF I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the City of Washington this 31st day of July, 1935.



R. G. Tugwell

Acting Secretary of Agriculture.

Approved.

Franklin D. Roosevelt
The President of the United States.

JULY 31, 1935.

